




City of San Diego
CARL DEMAIO
CITY COUNCILMEMBER –DISTRICT 5

MEMORANDUM

DATE: August 17, 2011

TO: Honorable Mayor Jerry Sanders
Honorable Members of the City Council

FROM: Councilmember Carl DeMaio 

RE: Getting Proactive in Reducing City Office Space Costs

Despite overwhelming public opposition to the concept of a new City Hall, there are still those who wish to see the project move forward. With each passing day that the city sits in a holding pattern on this issue, we risk putting the city in a disadvantageous negotiating position with our current landlords and are missing out on extraordinary discounts in commercial office space currently seen in this depressed market.

Given flaws in the process used for the new City Hall project, I am concerned that there could potentially be some bias in the Real Estate Assets Department (READ) if they are tasked with addressing this challenge.

As such, I request that the City pursue a new RFP to obtain the assistance of an outside expert firm to identify, research, evaluate and negotiate cost-effective office space solutions – and that such analysis be presented to a special Task Force comprised of 2 representatives of the Mayor and 2 members of the City Council.

The Task Force should examine the following issues:

- As we seek to downsize city government through cost effective reforms, what is the real need for office space in the next 10 years?

- How can city functions be co-located into 3-4 “service lines” to achieve operational synergies without the need for all city staff to be located in one giant building?
- What kind of flexibility should the city retain in any office space solution – to provide the city options in the future should its current financial crisis be resolved?

San Diego is experiencing one of the best “buyer’s markets” for leases and purchases of office space in years because of the economy we face.

Considering that the City’s current leases are set to expire within the next 24 months, time is of the essence. Therefore, I encourage the Mayor and my colleagues to join together in moving this process forward. If the City waits too long to identify its alternatives, we will not be able to credibly use “moving out” as leverage in negotiations with our current tenants.

CC: City Attorney Jan Goldsmith